

SENATE FILE NO. SF0055

Insurance sandbox.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

1 AN ACT relating to insurance; creating the insurance
2 sandbox for the testing of products and services in
3 Wyoming; authorizing limited waivers of specified statutes
4 and rules; establishing standards and procedures for
5 sandbox applications, operations and supervision;
6 authorizing reciprocity agreements with other regulators;
7 creating an account; imposing fees; requiring a consumer
8 protection bond; specifying standards for the suspension
9 and revocation of sandbox authorization; authorizing rules
10 and orders; creating an account; providing an
11 appropriation; and providing for effective dates.

12

13 *Be It Enacted by the Legislature of the State of Wyoming:*

14

1 **Section 1.** W.S. 26-55-101 through 26-55-109 are
2 created to read:

3

4

CHAPTER 55

5

INSURANCE SANDBOX ACT

6

7

26-55-101. Short title.

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9 This chapter may be cited as the "Insurance Sandbox Act."

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26-55-102. Definitions:

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(a) As used in this chapter:

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(i) "Consumer" means a person, whether a natural person or a legal entity, in Wyoming who purchases or enters into an agreement to receive an innovative insurance product or service made available through the insurance sandbox act;

(ii) "Innovative" means the use or incorporation of a new idea or emerging technology, or a new use of existing technology, to address a problem, provide a

1 benefit or otherwise offer a product, service, business
2 model or delivery mechanism;

3

4 (iii) "Insurance product or service" means a
5 product or service related to insurance that is subject to
6 the statutory or rule requirements identified in W.S.
7 26-55-103(a) and is under the jurisdiction of the
8 commissioner;

9

10 (iv) "Insurance sandbox" means the program
11 created by this chapter that allows a person to make an
12 innovative insurance product or service available to
13 consumers during a sandbox period through a waiver of
14 existing statutory and rule requirements, or portions
15 thereof, by the commissioner;

16

17 (v) "Sandbox period" means the period of time,
18 initially not longer than twenty-four (24) months, in which
19 the commissioner has authorized an innovative insurance
20 product or service to be made available to consumers, which
21 shall also encompass any extension granted under W.S.
22 26-55-108.

23

1 **26-55-103. Insurance sandbox waiver; applicability of**
2 **criminal and consumer protection statutes; referral to**
3 **investigatory agencies; civil liability.**

4
5 (a) Notwithstanding any other provision of law, a
6 person who makes an innovative insurance product or service
7 available to consumers pursuant to this chapter may be
8 granted a waiver of specified requirements imposed by
9 statute or rule, or portions thereof, if these statutes or
10 rules do not currently permit the product or service to be
11 made available to consumers. A waiver under this subsection
12 shall exempt no more statutory or regulatory provisions
13 than necessary to accomplish the purposes and standards set
14 forth in this act, as determined by the commissioner.
15 Except as provided in subsection (e) of this section, the
16 following statutes, and the rules adopted under them, or
17 portions of these statutes and rules, may be waived by the
18 commissioner for the sandbox period, upon receipt and
19 approval of an application made pursuant to W.S. 26-55-104:

20
21 (i) W.S. 26-3-101 through 26-3-503;

22
23 (ii) W.S. 26-4-101 through 26-4-105;

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(iii) W.S. 26-5-101 through 26-5-119;

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(iv) W.S. 26-6-101 through 26-6-403;

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(v) W.S. 26-7-101 through 26-7-116;

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(vi) W.S. 26-8-101 through 26-8-204;

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(vii) W.S. 26-9-201 through 2-9-235;

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(viii) W.S. 26-11-101 through 26-11-124;

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(ix) W.S. 26-12-101 through 26-12-303;

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(x) W.S. 26-13-101 through 26-13-305;

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(xi) W.S. 26-14-101 through 26-14-118;

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(xii) W.S. 26-15-101 through 26-15-201;

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(xiii) W.S. 26-16-101 through 26-16-505;

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- 1 (xiv) W.S. 26-17-101 through 26-17-130;
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3 (xv) W.S. 26-18-101 through 26-18-307;
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5 (xvi) W.S. 26-19-101 through 26-19-312;
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7 (xvii) W.S. 26-20-101 through 26-20-701;
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9 (xviii) W.S. 26-21-101 through 26-21-114;
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11 (xix) W.S. 26-22-101 through 26-22-505;
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13 (xx) W.S. 26-23-101 through 26-23-406;
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15 (xxi) W.S. 26-24-101 through 26-24-151;
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17 (xxii) W.S. 26-25-101 and 26-25-109;
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19 (xxiii) W.S. 26-27-101 through 26-27-129;
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21 (xxiv) W.S. 26-28-101 through 26-28-131;
22
23 (xxv) W.S. 26-29-201 through 26-29-239;

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(xxvi) W.S. 26-31-101 through 26-31-117;

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(xxvii) W.S. 26-32-101 through 26-32-201;

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(xxviii) W.S. 26-33-101 through 26-33-111;

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(xxix) W.S. 26-34-101 through 26-34-135;

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(xxx) W.S. 26-35-101 through 26-35-204;

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(xxxi) W.S. 26-36-101 through 26-36-116;

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(xxxii) W.S. 26-37-101 through 26-37-128;

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(xxxiii) W.S. 26-38-101 through 26-38-209;

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(xxxiv) W.S. 26-39-101 through 26-39-104;

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(xxxv) W.S. 26-40-101 through 26-40-201;

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(xxxvi) W.S. 26-41-101 through 26-41-103;

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1 (xxxvii) W.S. 26-42-101 through 26-42-118;
2
3 (xxxviii) W.S. 26-43-101 through 26-43-114;
4
5 (xxxix) W.S. 26-44-101 through 26-44-119;
6
7 (xl) W.S. 26-45-101 through 26-45-108;
8
9 (xli) W.S. 26-46-101 through 26-46-107;
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11 (xlii) W.S. 26-47-101 through 26-47-113;
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13 (xliiii) W.S. 26-48-101 through 26-48-212;
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15 (xliv) W.S. 26-49-101 through 26-49-111;
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17 (xlv) W.S. 26-51-101 through 26-51-110;
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19 (xlvi) W.S. 26-52-101 through 26-52-104;
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21 (xlvii) W.S. 26-53-101 through 26-53-103;
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23 (xlviii) W.S. 26-54-101 through 26-54-108.

1

2 (b) A person who makes an innovative insurance
3 product or service available to consumers pursuant to this
4 chapter is:

5

6 (i) Not immune from civil damages for acts and
7 omissions relating to this chapter; and

8

9 (ii) Subject to all criminal and consumer
10 protection laws.

11

12 (c) If necessary, the commissioner may refer
13 suspected violations of law relating to conduct undertaken
14 pursuant to this chapter to appropriate state or federal
15 agencies for investigation, prosecution, civil penalties
16 and other appropriate enforcement actions.

17

18 (d) If service of process on a person making an
19 innovative insurance product or service available to
20 consumers in the insurance sandbox is not feasible, service
21 on the secretary of state shall be deemed service on the
22 person.

23

1 (e) No waiver or element of a waiver shall be granted
2 under this chapter if the waiver or element would
3 jeopardize the state's NAIC accreditation or would violate
4 any requirements associated with NAIC accreditation.

5

6 **26-55-104. Insurance sandbox application; standards**
7 **for approval; consumer protection bond.**

8

9 (a) A person shall apply to the commissioner to make
10 an innovative insurance product or service available to
11 consumers in the insurance sandbox. The person shall
12 specify in an application the statutory or regulatory
13 requirements for which a waiver is sought and the reasons
14 why these requirements prohibit the innovative insurance
15 product or service from being made available to consumers.
16 The application shall also contain all information required
17 by the commissioner to evaluate the application pursuant to
18 subsection (f) of this section. The commissioner shall
19 prescribe by rule a method of application.

20

21 (b) A person may apply under this section without a
22 current valid license in the product or service area for
23 which the person is applying, but the application submitted

1 pursuant to subsection (f) of this section shall not be
2 considered complete until the person has obtained a valid
3 license.

4

5 (c) A business entity making an application under
6 this section shall be a licensed domestic corporation or
7 other licensed organized domestic entity with a physical
8 presence, in addition to that of a registered office or
9 agent, in Wyoming.

10

11 (d) Before a person applies on behalf of a business
12 entity intending to make an innovative insurance product or
13 service available through the insurance sandbox, the person
14 shall obtain the consent of the business entity.

15

16 (e) An application made under this section shall be
17 accompanied by a fee of five thousand dollars (\$5,000.00).
18 The fee shall be deposited into the insurance sandbox
19 account as provided in W.S. 26-55-105. Nothing in this
20 chapter shall be construed as conferring a right or
21 privilege on any person or entity:

22

1 (i) To offer an innovative insurance product or
2 service under this act;

3

4 (ii) For the waiver of any statute or rule
5 specified in this act.

6

7 (f) The commissioner shall approve or deny an
8 insurance sandbox application in writing within ninety (90)
9 days of receiving the complete application. The
10 commissioner and the person who has made an application may
11 jointly agree to extend the time for approval or denial of
12 the application beyond ninety (90) days. The commissioner
13 may impose conditions on any application approval,
14 consistent with this act. In deciding to approve or deny an
15 application under this subsection, the commissioner shall
16 consider each of the following:

17

18 (i) The nature of the innovative insurance
19 product or service proposed to be made available to
20 consumers in the sandbox, including all relevant technical
21 details;

22

1 (ii) The potential risk to consumers and methods
2 that will be used to protect consumers and resolve
3 complaints during the sandbox period;

4

5 (iii) A business plan proposed by the applicant,
6 including a statement of arranged capital;

7

8 (iv) Whether the applicant has the necessary
9 personnel, adequate financial and technical expertise and a
10 sufficient plan to test, monitor and assess the innovative
11 insurance product or service;

12

13 (v) Whether any person substantially involved in
14 the development, operation or management of the innovative
15 insurance product or service has been convicted of, or is
16 currently under investigation for, fraud, state or federal
17 insurance violations or any property based offense;

18

19 (vi) A copy of the disclosures required under
20 W.S. 26-55-106(c) that will be provided to consumers;

21

22 (vii) If an application seeks a waiver of a
23 statute or rule relating to W.S. 26-55-103(a)(i), (iii),

1 (iv), (xxi), (xxiii) through (xxvi), (xxix), (xxxi),
2 (xxxvi), (xxxvii), (xxxix) through (xliii), (xlv) or
3 (xlvi) the commissioner shall coordinate the terms of the
4 waiver with the NAIC prior to approving the waiver to
5 ensure there is no violation of W.S. 26-55-103(e);

6

7 (viii) Any other factor that the commissioner
8 determines to be relevant.

9

10 (g) If an application is approved under subsection
11 (f) of this section, the commissioner shall specify the
12 statutory or rule requirements, or portions thereof, for
13 which a waiver is granted and the length of the initial
14 sandbox period, consistent with W.S. 26-55-102(a)(v). The
15 commissioner shall also post on the department's website
16 notice of the approval of a sandbox application under this
17 subsection, a summary of the innovative insurance product
18 or service and the contact information of the person making
19 the product or service available through the sandbox.

20

21 (h) A person authorized under subsection (f) of this
22 section to participate in the insurance sandbox shall post
23 a consumer protection bond with the commissioner as

1 security for potential losses suffered by consumers. The
2 bond amount shall be determined by the commissioner in an
3 amount not less than one hundred thousand dollars
4 (\$100,000.00) and shall be commensurate with the risk
5 profile of the innovative insurance product or service. The
6 commissioner may require that a bond under this subsection
7 be increased or decreased at any time based on risk
8 profile. Unless a bond is enforced under W.S.
9 26-55-109(b)(ii), the commissioner shall cancel or allow
10 the bond to expire not later than two (2) years after the
11 date of the conclusion of the sandbox period.

12

13 (j) Authorization under subsection (f) of this
14 section to participate in the insurance sandbox shall not
15 be construed to create a property right.

16

17 **26-55-105. Insurance sandbox account.**

18

19 (a) There is created the insurance sandbox account.
20 Funds within the account shall only be expended by
21 legislative appropriation. All funds within the account
22 shall be invested by the state treasurer and all investment

1 earnings from the account shall be credited to the general
2 fund.

3

4 (b) Subject to legislative appropriation, application
5 fees remitted to the account pursuant to W.S. 26-55-104(e)
6 shall be deposited into the account. These funds, and any
7 additional funds appropriated by the legislature, shall be
8 used only for the purposes of administering this act,
9 including processing of sandbox applications and
10 monitoring, examination and enforcement activities relating
11 to this act.

12

13 **26-55-106. Operation of insurance sandbox.**

14

15 (a) Except as otherwise provided by W.S. 26-55-108, a
16 person authorized under W.S. 26-55-104(f) to participate in
17 the insurance sandbox may make an innovative insurance
18 product or service available to consumers during the
19 sandbox period.

20

21 (b) The commissioner may, on a case-by-case basis,
22 specify the maximum number of consumers permitted to
23 receive an innovative insurance product or service, after

1 consultation with the person authorized under W.S.
2 26-55-104(f) to make the product or service available in
3 the insurance sandbox.

4

5 (c) Before a consumer purchases or enters into an
6 agreement to receive an innovative insurance product or
7 service through the insurance sandbox, the person making
8 the product or service available shall provide a written
9 statement of the following to the consumer:

10

11 (i) The name and contact information of the
12 person making the product or service available to
13 consumers;

14

15 (ii) That the product or service has been
16 authorized to be made available to consumers for a
17 temporary period by the commissioner under the laws of
18 Wyoming;

19

20 (iii) That the state of Wyoming does not endorse
21 the product or service and is not subject to liability for
22 losses or damages caused by the product or service;

23

1 (iv) That the product or service is undergoing
2 testing, may not function as intended and may entail
3 financial risk;

4

5 (v) That the person making the product or
6 service available to consumers is not immune from civil
7 liability for any losses or damages caused by the product
8 or service;

9

10 (vi) The expected end date of the sandbox
11 period;

12

13 (vii) The name and contact information of the
14 commissioner and notification that suspected legal
15 violations, complaints or other comments related to the
16 product or service may be submitted to the commissioner;

17

18 (viii) Any other statements or disclosures
19 required by rule of the commissioner that are necessary to
20 further the purposes of this act.

21

22 (d) A person authorized to make an innovative
23 insurance product or service available to consumers in the

1 insurance sandbox shall maintain comprehensive records
2 relating to the innovative insurance product or service.
3 The person shall keep these records for not less than five
4 (5) years after the conclusion of the sandbox period. The
5 commissioner may specify further records requirements under
6 this subsection by rule.

7
8 (e) The commissioner may examine the records
9 maintained under subsection (d) of this section at any
10 time, with or without notice. All direct and indirect costs
11 of an examination conducted under this subsection shall be
12 paid by the person making the innovative insurance product
13 or service available in the insurance sandbox. Records made
14 available to the commissioner under this subsection shall
15 be confidential and shall not be subject to disclosure
16 under the Wyoming Public Records Act but may be released to
17 appropriate state and federal agencies for the purposes of
18 investigation.

19
20 (f) Unless granted an extension pursuant to W.S.
21 26-55-108, not less than thirty (30) days before the
22 conclusion of the sandbox period, a person who makes an
23 innovative insurance product or service available in the

1 insurance sandbox shall provide written notification to
2 consumers regarding the conclusion of the sandbox period
3 and shall not make the product or service available to any
4 new consumers after the conclusion of the sandbox period
5 until legal authority outside of the sandbox exists to make
6 the product or service available to consumers. The person
7 shall wind down operations with existing consumers within
8 sixty (60) days after the conclusion of the sandbox period,
9 except that, after the sixtieth day, the person may:

10

11 (i) Collect and receive money owed to the person
12 based on agreements with consumers made before the
13 conclusion of the sandbox period;

14

15 (ii) Take necessary legal action; and

16

17 (iii) Take other actions authorized by the
18 commissioner or by rule that are not inconsistent with this
19 subsection.

20

21 (g) The commissioner may enter into agreements with
22 state, federal or foreign regulatory agencies to allow
23 persons who make an innovative insurance product or service

1 available in Wyoming through the insurance sandbox to make
2 their products or services available in other jurisdictions
3 and to allow persons operating in similar insurance
4 sandboxes in other jurisdictions to make innovative
5 insurance products and services available in Wyoming under
6 the standards of this chapter.

7

8 **26-55-107. Revocation or suspension of insurance**
9 **sandbox authorization.**

10

11 (a) The commissioner may, by order, revoke or suspend
12 authorization granted to a person under W.S. 26-55-104(f)
13 if:

14

15 (i) The person has violated or refused to comply
16 with this chapter or any lawful rule, order or decision
17 adopted by the commissioner;

18

19 (ii) A fact or condition exists that, if it had
20 existed or become known at the time of the insurance
21 sandbox application, would have warranted denial of the
22 application or the imposition of material conditions;

23

1 (iii) A material error, false statement,
2 misrepresentation or material omission was made in the
3 insurance sandbox application;

4

5 (iv) Continued authorized waiver of a statute or
6 rule would jeopardize the state of Wyoming's NAIC
7 accreditation; or

8

9 (v) After consultation with the person,
10 continued testing of the innovative insurance product or
11 service would:

12

13 (A) Be likely to harm consumers; or

14

15 (B) No longer serve the purposes of this
16 chapter because of the financial or operational failure of
17 the product or service.

18

19 (b) Written notification of a revocation or
20 suspension order made under subsection (a) of this section
21 shall be served using any means authorized by law, and if
22 the notice relates to a suspension, include any conditions

1 or remedial action that shall be completed before the
2 suspension will be lifted by the commissioner.

3

4 **26-55-108. Extension of sandbox period.**

5

6 (a) A person granted authorization under W.S.
7 26-55-104(f) may apply for an extension of the initial
8 sandbox period for not more than twelve (12) additional
9 months. An application for an extension shall be made not
10 later than sixty (60) days before the conclusion of the
11 initial sandbox period specified by the commissioner. The
12 commissioner shall approve or deny the application for
13 extension in writing not later than thirty-five (35) days
14 before the conclusion of the initial sandbox period. An
15 application for extension by a person shall cite one (1) of
16 the following reasons as the basis for the application and
17 provide all relevant supporting information that:

18

19 (i) Statutory or rule amendments are necessary
20 to conduct business in Wyoming on a permanent basis; or

21

22 (ii) An application for other authorization
23 required to conduct business in Wyoming on a permanent

1 basis has been filed with the appropriate office and
2 approval is currently pending.

3

4 **26-55-109. Rules and orders; enforcement of bond;**
5 **restitution; applicability of Wyoming Administrative**
6 **Procedure Act.**

7

8 (a) The commissioner shall adopt rules to implement
9 this act. The rules adopted by the commissioner under this
10 subsection shall be as consistent as reasonably possible,
11 but shall account for differences in the statutes and
12 programs administered by the commissioner.

13

14 (b) The commissioner may issue:

15

16 (i) All necessary orders to enforce this act,
17 including ordering the payment of restitution, and
18 enforcing these orders in any court of competent
19 jurisdiction;

20

21 (ii) An order under paragraph (i) of this
22 subsection to enforce the bond posted under W.S.
23 26-55-104(h), or a portion of the bond, and use proceeds

1 from the bond to offset losses suffered by consumers as a
2 result of an innovative insurance product or service.

3

4 (c) All actions of the commissioner under this
5 chapter shall be subject to the Wyoming Administrative
6 Procedure Act.

7

8 **Section 2.** There is appropriated five hundred
9 thousand dollars (\$500,000.00) from the special revenue
10 funds generated pursuant to W.S. 26-2-204 to the department
11 of insurance for purposes of administering applications,
12 reviews and enforcement of the insurance sandbox created by
13 this act. Appropriations made under this section are for
14 the period from the effective date of this act and ending
15 June 30, 2024. Notwithstanding any other provision of law,
16 these funds shall not be transferred or expended for any
17 other purpose and any unexpended, unobligated funds
18 remaining from this appropriation shall revert in the
19 manner provided by W.S. 9-4-207(c) and 9-2-1008 on June 30,
20 2024. It is the intent of the legislature that this
21 appropriation shall be included in the governor's standard
22 budget for the immediately succeeding fiscal biennium.

23

1 **Section 3.** Consistent with W.S. 26-55-109(a), the
2 insurance commissioner shall adopt rules to implement this
3 act on or before January 1, 2023, provided these rules
4 shall not take effect until January 1, 2023.

5

6 **Section 4.**

7

8 (a) Except as otherwise provided by subsection (b) of
9 this section, this act is effective January 1, 2023.

10

11 (b) Sections 3 and 4 of this act are effective
12 immediately upon completion of all acts necessary for a
13 bill to become law as provided by Article 4, Section 8 of
14 the Wyoming Constitution.

15

16

(END)